

116TH CONGRESS  
1ST SESSION

# S. 1845

To enable borrowers of Federal student loans to refinance those loans at interest rates that are equivalent to the interest rates at which the Federal Government provides loans to banks through the discount window operated by the Federal Reserve System.

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## IN THE SENATE OF THE UNITED STATES

JUNE 13, 2019

Mr. MERKLEY (for himself, Mr. BOOKER, and Mrs. GILLIBRAND) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To enable borrowers of Federal student loans to refinance those loans at interest rates that are equivalent to the interest rates at which the Federal Government provides loans to banks through the discount window operated by the Federal Reserve System.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “If It’s Good Enough  
5 For the Banks, It’s Good Enough For Students Act”.

1 **SEC. 2. STUDENT LOAN REFINANCING.**

2 (a) PROGRAM AUTHORITY.—Section 451(a) of the  
3 Higher Education Act of 1965 (20 U.S.C. 1087a(a)) is  
4 amended—

5 (1) by striking “and (2)” and inserting “(2)”;  
6

6 and

7 (2) by inserting “; and (3) to make loans under  
8 section 460A” after “section 459A”.

9 (b) REFINANCING PROGRAM.—Part D of title IV of  
10 the Higher Education Act of 1965 (20 U.S.C. 1087a et  
11 seq.) is amended by adding at the end the following:

12 **“SEC. 460A. REFINANCING FEDERAL DIRECT LOANS AT**  
13 **LOWER INTEREST RATES.**

14 “(a) IN GENERAL.—Beginning on the date of enact-  
15 ment of this section, the Secretary shall establish a pro-  
16 gram under which the Secretary, upon the receipt of an  
17 application from a qualified borrower, makes a loan under  
18 this part, in accordance with the provisions of this section,  
19 in order to permit the borrower to obtain the interest rate  
20 provided under subsection (c).

21 “(b) REFINANCING DIRECT LOANS.—Upon applica-  
22 tion of a qualified borrower, the Secretary shall repay a  
23 Federal Direct Stafford Loan, a Federal Direct Unsub-  
24 sidized Stafford Loan, a Federal Direct PLUS Loan, or  
25 a Federal Direct Consolidation Loan of the qualified bor-  
26 rower, for which the first disbursement was made, or the

1 application for the consolidation loan was received, before  
2 the date of enactment of this section, with the proceeds  
3 of a refinanced Federal Direct Stafford Loan, a Federal  
4 Direct Unsubsidized Stafford Loan, a Federal Direct  
5 PLUS Loan, or a Federal Direct Consolidation Loan, re-  
6 spectively, issued to the borrower in an amount equal to  
7 the sum of the unpaid principal, accrued unpaid interest,  
8 and late charges of the original loan.

9 “(c) INTEREST RATES.—

10 “(1) IN GENERAL.—The interest rate for the  
11 refinanced Federal Direct Stafford Loans, Federal  
12 Direct Unsubsidized Stafford Loans, Federal Direct  
13 PLUS Loans, and Federal Direct Consolidation  
14 Loans, shall be a rate equal to the interest rate de-  
15 scribed in subsection (a) of section 201.51 of title  
16 12, Code of Federal Regulations (or successor regu-  
17 lations).

18 “(2) FIXED RATE.—The applicable rate of in-  
19 terest determined under paragraph (1) for a refi-  
20 nanced loan under this section shall be fixed for the  
21 period of the loan.

22 “(d) TERMS AND CONDITIONS OF LOANS.—

23 “(1) IN GENERAL.—A loan that is refinanced  
24 under this section shall have the same terms and

1 conditions as the original loan, except as otherwise  
2 provided in this section.

3 “(2) REPAYMENT PERIOD.—Refinancing a loan  
4 under this section shall not result in the extension  
5 of the duration of the repayment period of the loan,  
6 and the borrower shall retain the same repayment  
7 term that was in effect on the original loan. Nothing  
8 in this paragraph shall be construed to prevent a  
9 borrower from electing a different repayment plan at  
10 any time in accordance with section 455(d)(3).

11 “(e) DEFINITION OF QUALIFIED BORROWER.—For  
12 purposes of this section, the term ‘qualified borrower’  
13 means a borrower—

14 “(1) of a loan under this part for which the  
15 first disbursement was made, or the application for  
16 a consolidation loan was received before the date of  
17 enactment of this section;

18 “(2) who submits an application under this sec-  
19 tion not later than 2 years after the date of enact-  
20 ment of this section; and

21 “(3) who is not in default on the loan the bor-  
22 rower seeks to refinance.

23 “(f) NOTIFICATION TO BORROWERS.—The Secretary,  
24 in coordination with the Director of the Bureau of Con-  
25 sumer Financial Protection, shall carry out a campaign

1 to alert borrowers of loans that are eligible for refinancing  
2 under this section that the borrowers are eligible to apply  
3 for such refinancing. The campaign shall include the fol-  
4 lowing activities:

5           “(1) Developing consumer information mate-  
6           rials about the availability of Federal student loan  
7           refinancing.

8           “(2) Requiring servicers of loans under this  
9           part to provide such consumer information to bor-  
10          rowers in a manner determined appropriate by the  
11          Secretary, in consultation with the Director of the  
12          Bureau of Consumer Financial Protection.”.

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